UNITED
NATIONS

A

General Assembly

Distr.
GENERAL

A/AC.96/834
28 September 1994

Original: ENGLISH

EXECUTIVE COMMITTEE OF THE
HIGH COMMISSIONER'S PROGRAMME

Forty-fifth session

UNHCR ACTIVITIES FINANCED BY VOLUNTARY FUNDS: REPORT FOR 1993-1994 AND PROPOSED PROGRAMMES AND BUDGET FOR 1995

Report of the Advisory Committee on Administrative and Budgetary Questions

1. The Advisory Committee on Administrative and Budgetary Questions has considered the High Commissioner's report on UNHCR's activities: Humanitarian Assistance Policy , Programmes, Administrative and Financial Matters, 193-1995 as contained in the overview document (A/AC.96/824) and document A/AC.96/825/Part VI. The Committee also had before it Parts I to V of the same document. The Committee has also considered the documents on the Update of UNHCR Programme and Funding Projects for 1994 and 1995 (EC/1994/SC.2/CRP.25), Education Account (EC/SC.2/69), and Internal Oversight Mechanisms: Establishment of an Inspection and Evaluation Service (EC/SC.2/70). During its consideration of the above reports the Advisory Committee had the opportunity to meet with the High Commissioner as well as with her colleagues who submitted additional information to the Committee.

2. As in the past the Advisory Committee is experiencing difficulties in considering the UNHCR reports sufficiently in detail. In view of time constraints - this year the English version of the reports were made

GE.94- 03836

available to the Committee in mid-September and in fact, some of the language versions have not yet been received - and the short time available to the Advisory Committee for consideration of the documents and preparation and submission of its report to the Executive Committee scheduled for 29 September 1994, the Advisory Committee points out once again that it needs more time to properly discharge its responsibilities.

3. UNHCR activities have been expanding rapidly in scope and complexity and the situation is further exacerbated in recent years by the Advisory Committee's own heavy work load, in particular the reviewing of United Nations peace-keeping budgets. In view of the foregoing, the Advisory Committee reiterates its request that UNHCR's Executive Committee reconsider this issue including submission of the budget documents to the Advisory Committee at an earlier date and the possibility of the Executive Committee holding its own meetings at a later stage, to enable the Advisory Committee to carry out a detailed and careful review of the High Commissioner's proposals. Given the urgency of the situation and in view of the above mentioned constraints, the present report of the Advisory Committee is brief and therefore limited in its comments and recommendations.

4. The Advisory Committee commends and welcome's UNHCR's efforts to reformulate the presentation of its budget documentation, particularly Parts I and II of the Overview document (A/AC.96/824) which respectively, provide useful statements on policies and programmes. The Advisory Committee believes that while the Overview document contains useful information, since the ultimate goal of the document is to facilitate decision-making by the legislative bodies, the presentation needs to be further improved.

5. In this regard the Committee had requested a comprehensive document presenting all of the budget proposals of UNHCR in a clear and concise manner to provide more clarity and greater understanding. For example, all the issues currently presented in separate documents could be merged with the main text or Overview to provide comprehensive and concise narrative proposals with corresponding resource requirements, cross-referenced with related tables or sections. Proposals should be accompanied by a performance report for the previous year which would provide a basis for the proposals. In this connection the Advisory Committee recalls its observation in previous years that "there is a need for more transparency, substantiating the administrative and budgetary implications of programme activities and providing more specific information on programmes and budget performance in the previous year and corresponding proposals with detailed cost estimates for the next year; such proposals should clearly indicate the objects of expenditure and justify any increase or decrease in resources".

6. The Advisory Committee trusts that future budget reports of UNHCR will contain the most recent figures in respect of both income and expenditure. Whereas in Annex I of the Overview document there is information on expenditure for 1993 as well as for 1994, there does not appear to be corresponding information in the document with regard to income realized during 1993 or expected in 1994. Similarly, initial

estimates for programme costs as well as for programme support costs for a given period should be reflected together with the revised estimates for comparison, and the related justification for the increase/decrease should also be provided. This would facilitate assessment and evaluation of the budget proposals and consequently decision-making by the Executive Committee.

7. As shown in Annex I of the overview document, the 1993 expenditure amounted to $1,306,751,700. As shown in Table VII of the same document, the 1993 expenditure is $1,327,283,400; this includes $20,531,700 United Nations regular budget expenditure. However, there appears to be no corresponding information on income in the Overview document.

8. Similarly, in the same document, with respect to 1994, estimated expenditure is shown as $1,252,201,100 and $1,275,093,900 in Annex I and Table VII respectively, the difference being the United Nations regular budget expenditure. However, no corresponding income information for 1994 has been shown in the document.

9. Annex I of document EC/1994/SC.2/CRP.25 shows projected programme requirements of $1,075,800,000 for 1994 and forecasts income for 1994 at $980,900,000 with a shortfall of $94,900,000. Additional information provided to the Advisory Committee shows that UNHCR will have recourse to $53.5 million representing, inter-alia, interest and exchange rate gains. Nevertheless, this would still leave a shortfall of $41,400,000. The Advisory Committee believes that the budget document needs to explain how the deficit will be addressed.

10. The Advisory Committee, while welcoming the progress achieved with regard to UNHCR staffing and recategorization of posts notes from document A/AC.96/825/Part IV (paragraph 2) that "the budgetary process for Headquarters is currently being refined and should show from 1995, costs budgeted at Headquarters separated into (i) budgets and expenditures incurred at Headquarters for Headquarters activities, and (ii) budgets and expenditures incurred at Headquarters for activities undertaken for the field". The Advisory Committee believes that one goal in this process should be to clearly identify administrative and support costs versus programme costs whether these costs are incurred at Headquarters or in the field.

11. In the present documentation these costs are shown as programme delivery and administrative support for Headquarters for a total of $93,259,700 (Annex I, 1994 Revised estimates in the overview document); no corresponding costs for the field have been shown although in Table XIV of the same report, programme delivery and administrative support costs for both the field and Headquarters have been shown as $336,014,000. Adequate corresponding justification for this expenditure is necessary since this amount comprises approximately 25 per cent of the total budget; in this regard a clear link should be established between the information provided in the Overview to aid in decision-making and the very detailed and voluminous supporting information contained in Parts I to VI.

12. From the information provided to it, the Advisory Committee notes that of the total UNHCR establishment of 4,574 posts, 784 or approximately 17 per cent of the posts were at Headquarters. In this connection the Advisory Committee draws attention to its comments in paragraph 7 of its report A/AC.96/816 that there is a need to justify whether all existing and additional functions need to be carried out at Headquarters. Such justification should have been provided in the present submission particularly in view of the fact that Geneva is one of the high-cost duty stations and the scarcity of office space.

13. The Advisory Committee notes from paragraph 11 of (A/AC.96/825/Part VI) that an increase of $6.9 million in non-staff costs in the budget is, inter alia, "primarily due to delays experienced in moving to new offices premises in Geneva which had previously been scheduled for May 1994". In this connection the Advisory Committee was informed that discussions regarding conditions of occupancy are still going on between UNHCR and the Swiss authorities. The Advisory Committee urges the High Commissioner and the host country authorities to expedite these discussions so as to avoid further delays and additional costs.

14. The Advisory Committee was also informed and notes with concern that additional office space would be required by UNHCR since the new building would only be able to meet approximately 70 per cent of UNHCR's needs. The Advisory Committee urges the High Commissioner to explore all possible ways and means to maximize space now available in the new building.

15. The Advisory Committee notes that the largest part of UNHCR's operations falls within the category of Special Programmes (Table VII). The Advisory Committee believes that the Executive Committee should consider appropriate ways to ensure greater oversight and monitoring of these resources since in many cases only ex post facto reporting on these programmes is made available.

16. The Advisory Committee points out that revised estimates should not be used as a mechanism to introduce new administrative/support activities which have not been previously mandated. The Advisory Committee points out that it is important that initial estimates for programme expenditure as well as for administrative and programme support costs be provided, together with the revised estimates since this information is necessary to ascertain to what extent the revised estimates are necessary due to unforeseen emergencies and developments which fall within the approved mandates, and consequently are activities for which the programme reserve can be used. In this connection, the Advisory Committee also trusts that the Programme Reserve will only be used for purposes outlined in paragraph 241 of the Overview.

17. In this connection the Advisory Committee understands that the proposed purchase of Very Small Aperture Terminals (VSATs) and satellite antennae and leasing of satellite capacity (paragraphs 17 (v) and 25 (v) of A/AC.96/825/Part VI) represents a new initiative. The Advisory Committee was informed that the VSATs proposed to be purchased by UNHCR would cost between $30,000 and $80,000 depending on size, which can be varied for various locations. In the view of the Advisory Committee full justification

for this activity should be provided in the context of the initial budget estimates. As the proposal has been make in the revised estimates for 1994, no clarification or explanation has been included in the estimates for 1995. In any case, the Advisory Committee understands that a number of other agencies, including UNICEF, WFP, UNDP and the United Nations and its Peace-keeping operations are interested in cooperating in a common telecommunications network. To that end and Inter-Agency Working Group has been established which would, inter alia, try to develop common specifications, shared use of satellite capacity and all other components and a cost-sharing formula for the equitable use of the network. Under the circumstances, the Advisory Committee recommends that UNHCR continue its efforts to develop telecommunications capability in cooperation with the United Nations and its programmes and operations and report further in the context of budget proposals for 1996, to be considered in the second half of 1995. In the meantime, the Advisory Committee recommends that no further purchase of VSATs and satellite antennae and leasing of satellite capacity take place prior to the consideration and approval of a comprehensive proposal.

18. The Advisory Committee has also considered the High Commissioner's reports on the Establishment of an Inspection and Evaluation Service (E/SC.2/70) and (E/SC.2/69) on the proposed adjustment to the Education Account. The Advisory Committee does not have any views or objections at this time to the proposal regarding the adjustment to the Education Account.

19. With regard to the establishment of an Inspection and Evaluation Service the Advisory Committee notes that as indicated in the document, the structure is "not intended to replace the more focused financial and administrative oversight assured by mechanisms and procedures already in existence", is based on successful trial runs and would make use of existing resources with the exception of resources required for one D-2 post and one General Service post for a total of $275,000 per year. These costs are proposed to be partially offset by phasing out two P-4 posts currently budgeted at $134,000 per annum. For reasons outlined in paragraph 29 of the document, additional budgetary requirements in 1995 are not expected to exceed $150,000. The Advisory Committee has been provided with a draft job description for this post which remains to be classified in accordance with existing procedures. Given the expansion and the changes which have taken place in the scale, nature and complexity of UNHCR's operations in recent years and the need for constant review of its operational activities as well as added oversight and accountability, the Advisory Committee agrees that such a Service preferably with a name more reflective of its function and responsibility, would provide an additional management tool to the High Commissioner and agrees with her proposal for the establishment of an inspection and evaluation service. The Advisory Committee requests that a progress report on the functioning of the Service be provided in the context of UNHCR's next budget report, and that efforts continue to streamline and strengthen existing administrative structures on internal oversight. Moreover, in accordance with paragraph 11 of General Assembly resolution 48/218 B, appropriate contact and coordination with the Office of Internal Oversight Services in the United Nations should be initiated and maintained.